

Message Text

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ACTION XMB-07

INFO OCT-01 AF-10 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 RSR-01 /085 W

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R 291510Z JUN 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 0116

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E.O. 11652: N/A

TAGS: EFIN, NI

SUBJECT: DEBT DELINQUENCY - EXIM

REF: LAGOS 5134 AND STATE 121698

1. BEGIN SUMMARY: NA CHAIRMAN OBI SAID HE UNAWARE OF NA DELINQUENCY ON SERVICE OF BIEING CREDITS AND PROMISED PROMPT ACTION TO INSURE EARLY PAYMENT. END SUMMARY.

2. EMBASSY RAISED MATTER NIGERIA AIRWAYS (NA) ARREARAGES ON BOEING CREDITS WITH NA CHAIRMAN FRANCIS OBI, WHO SEEMED GENUINELY SURPRISED THAT PAYMENTS HAD NOT BEEN MADE. IN EXPLANATION HE COULD ONLY SAY THAT THERE MUST HAVE BEEN SOME ADMINISTRATIVE MALFUNCTION. HE EXPRESSED HOPE THAT FOREIGN EXCHANGE CONTROLS WERE NOT INVOLVED, THUS SUGGESTING THAT NIGERIA AIRWAYS HAS SUFFICIENT NAIRA IN HAND TO COVER AMOUNTS DUE.

3. EMBASSY OFFICER OBSERVED THAT SUCH LAPSES IN PAYMENTS PROCESS CAN GIVE RISE TO IRRITATIONS QUITE OUT OF PROPORTION TO SIZE OF PROBLEM ITSELF. FOR EXAMPLE, EXIM MUST REPORT TO CONGRESS ON THE STATUS OF ITS EFFORTS TO KEEP ITS LOAN RECEIPTS SCHEDULE CURRENT. AS CONGRESS INTENDED, THIS PUTS PRESSURE ON EXIM TO DEVISE MEASURES

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TO KEEP LOAN RECEIPTS CURRENT. IN A LARGE ORGANIZATION LIKE

EXIM THIS TENDS TO BECOME AUTOMATIC OPERATION, AND WHEN DELINQUENCIES ARISE STEPS ARE TAKEN QUITE MECHANICALLY TO STRAIGHTEN OUT THE ARREARAGE. SOME OF THESE MEASURES INCLUDE SUSPENSION OF DISBURSEMENTS ON OUTSTANDING CREDITS AND CUTTING OFF NEW CREDITS UNTIL ARREARAGES ARE ERASED. EMBASSY OFFICER EXPLAINED THAT WE HAD URGED EXIM TO GOREGO SUCH MEASURES IN THIS CASE, THUS SHOWING SYMPATHETIC UNDERSTANDING OF NIGERIA AIRWAYS EFFORTS TO IMPROVE ITS ADMINISTRATIVE PROCESS. OBI SAID HE WOULD APPRECIATE THIS, STATING ITWOULD BE A RECOGNITION TQT TYJ NO QUESTION BUT WHAT PAYMENT WILL EVENTUALLY BE MADE. OBI HOPED THAT NO PUNITIVE MEASURES ARE BEING TAKEN BECAUSE THEY WOULD CERTAINLY BE MISUNDERSTOOD AND RESENTED HERE. HE EXPRESSED SINCERE REGRETS FOR THE DELAY AND PROMISED TO TAKE URGENT STEPS TO PUT IT RIGHT AS QUICKLY AS POSSIBLE.

4. ALTHOUGH EMBASSY HAS NO DOUBT BUT WHAT OBI WILL GET AFTER THIS MATTER QUICKLY, WE ALSO INTEND TO BRING IT TO THE ATTENTION OF A HIGH-LEVEL FINANCE MINISTRY OFFICIAL. WE BELIEVE THAT THIS CAN BE DONE WITHOUT RUNNING ANY SERIOUS RISK OF UNDULY IRRITATING OBI. FACT OF THE MATTER IS THAT EVEN WITH HIS BEST EFFORTS OBI IS SIMPLY SO HARRASSED BY NA'S NEVER-ENDING PROBLEMS THAT UNLESS PRODDERD ON THIS MATTER HE MIGHT WELL LET IT SLIP FOR LONGER THAN WOULD BE TOLERABLE TO EXIM.

5. EMBASSY URGES THAT IN FUTURE EXIM NOTIFY IT PROMPTLY WHEN AN ARREARAGE DEVELOPS SO THAT THERE WILL BE GOOD TIME TO INFORMALLY WORK WITH THE NIGERIAN OFFICIALS INVOLVED TO GET THEM AFTER PROBLEM. WE DO NOT WANT IRRITATIONS ON EITHER EXIM'S SIDE OR THE NIGERIAN SIDE TO INJURE U.S. FIRMS' CHANCES OF BIDDING SUCCESSFULLY ON MANY LARGE PROJECTS IN OFFING WHICH MUST BE FINANCED WITH FAIRLY LONG-TERM CREDITS. THE NIGERIANS HAVE THE FINANCIAL CAPABILITY OF MAKING PAYMENTS AND THEY INTEND TO HONOR THEIR OBLIGATIONS. THEY SIMPLY ARE NOT YET ADMINISTRATIVELY CAPABLE OF KEEPING UP WITH THEIR PAYMENTS SCHEDULES WITHOUT FREQUENT REMINDERS. EMBASSYXELIEVES THAT IT IS WORTHWHILE FOR THE U.S. TO LIVE WITH THIS PROBLEM, WHICH UNDOUBTEDLY WILL BE STRAIGHTENED OUT AS NIGERIANS GAIN MORE EXPERIENCE IN LIMITED OFFICIAL USE

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HANDLING DEBT PAYMENTS UNDER CONDITIONS OF HIGH LIQUIDITY.
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